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Financing of the United Nations Peacekeeping Forces in the Middle East: United Nations Disengagement Observer Force

Report of the Advisory Committee on Administrative and Budgetary Questions

Addendum

1. The United Nations Disengagement Observer Force (UNDOF) was established by the Security Council in its resolution 350 (1974) of 31 May 1974 to supervise the ceasefire called for by the Council and the agreement on disengagement between Israeli and Syrian forces for an initial period of six months. Its mandate has since then been extended and adjusted by the Security Council in subsequent resolutions, the latest being resolution 1139 (1997) of 21 November 1997, by which the Council extended the mandate of the Force until 31 May 1998.

2. As indicated in the addendum to the report of the Secretary-General (A/52/771/Add.1 and Add.1/Corr.1, para. 14), total resources made available to the Force, from its inception until 30 June 1998, amount to $1,198.5 million gross. The estimated expenditures amount to $1,176.9 million gross. The Advisory Committee was informed that, from the period of inception to 28 February 1998, $1,159.3 million had been assessed on Member States in respect of UNDOF and the United Nations Emergency Force. As at 28 February 1998, contributions received totalled $1,093.6 million, leaving a balance of outstanding assessments of $65.7 million, and cash balances amounted to $29.3 million.

3. With respect to the status of reimbursement to troop-contributing Governments, the Advisory Committee was informed that full reimbursement had been made through 31 May 1997, and it is estimated that $8 million is due for troop costs for the period ending 31 December 1997 (see also A/52/771/Add.1 and Add.1/Corr.1, para. 21). As of the time of the drafting of the present report, the Committee was given to understand that a further payment would be made in late March 1998 for the period from 1 June to 31 August 1997.

4. As indicated in the budget report (A/52/771/Add.1 and Add.1/Corr.1, para. 20), the financial statements of UNDOF for the period from 1 December 1994 to 30 November 1995 show that there is a surplus balance of $2,742,000, comprising interest income ($1,671,000), miscellaneous income ($28,000) and unutilized prior obligations ($1,043,000). The Advisory Committee agrees with the proposal of the Secretary-General in paragraph 32 (b) of the budget report to credit the surplus balance to Member States, with the exception of interest income, which in the opinion of the Committee should be credited to the peacekeeping reserve fund if the General Assembly so decides. In view of the rate of payment of prior assessment for UNDOF, the Committee requests that the Secretary-General review the matter and make recommendations on the status of the amounts withheld as the result of the suspension of regulation 4.3 of article IV of the Financial Regulations of the United Nations.[1]

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Financial performance for the period from 1 July 1996 to 30 June 1997

5. The report of the Secretary-General on the financing of UNDOF for the period from 1 July 1996 to 30 June 1997 shows that expenditures amounted to $32,393,100 gross ($31,534,500 net) against resources provided of $32,254,900 gross ($31,342,900 net), resulting in additional requirements of $138,200 gross ($191,600 net) (A/52/771, para. 5). In the report, the Secretary-General proposed that the General Assembly appropriate and assess the additional amount of $138,200 gross ($191,600 net) for the period from 1 July 1996 to 30 June 1997 at its resumed fifty-second session (ibid., para. 13). As explained in paragraph 11 below, the Advisory Committee recommends against that request.

6. As indicated in annex I to the Secretary-General's report, during the reporting period, expenditures were higher than estimates under civilian personnel costs, premises/accommodation, communications, supplies and services and air and surface freight and for the prorated share of UNDOF for the cost of maintaining the United Nations Logistics Base at Brindisi. Those over-expenditures were partially offset by unutilized balances under military contingents, transport operations, other equipment and staff assessment.

7. Expenditures in the reporting period include a total of $432,400 in respect of expenditures in the period ending 30 June 1996 (ibid., para. 7). The Advisory Committee requested information regarding the period covered by those obligations. It was informed that in the case of UNDOF, as in the case of other peacekeeping operations, administrative delays were stated as the cause for not recording the obligations prior to the closure of the accounts of the financial period in question. The Committee points out that the explanations provided are not satisfactory and the nature of the delays has not been explained, and it therefore recommends that precise information be provided in the future.

8. With regard to the financing of the United Nations Logistics Base at Brindisi, the Advisory Committee notes from the report (ibid., para. 6 and annex I) that the portion charged to UNDOF during the reporting period, amounting to $221,700 under line 17, was funded from amounts provided under line 5 for petrol, oil and lubricants ($109,800), line 9 for accommodation equipment ($37,300) and line 10 for medical supplies ($74,600). The Committee sought clarification as to whether or not there was a double counting of those charges in annex I to the report. It was informed that the share of the cost of the logistics base charged to UNDOF, amounting to $221,700, appears only under line 17, while the expenditures shown in lines 5, 9 and 10 exclude the shares for the logistics base; the revised apportionments for lines 5, 9 and 10 were inadvertently not reflected in annex I. The Committee requests that, in the future, the corresponding revised apportionments be shown in annex I.

9. In paragraph 12 of annex II.B to the performance report, over-expenditures for international staff salaries, but not common staff costs, amounted to$376,200 as a result of payments of retirement benefits to two international staff members. The Advisory Committee was informed that one of the staff members, for whom an additional payment of $150,600 was required, had been assigned from the United Nations Development Programme (UNDP) and, in accordance with existing practice, 85 per cent of that amount would be reimbursed by UNDP to the United Nations.

10. With respect to the additional expenditure under commercial communications of $134,900 (ibid., annex II.B, para. 34), the Advisory Committee was informed that refunds from military contingents for personal calls will be shown, at the applicable rate, in the accounts for the period from 1 July 1997 to 30 June 1998. The Committee requests that steps be taken to use new technology to manage personal calls by civilian and military personnel more effectively, as has been proven feasible by the experience of other missions.

11. The Advisory Committee was informed that unliquidated obligations for the period from 1 July 1996 to 30 June 1997 had decreased from the $15,360,600 shown in column 6 of annex I to the performance report to $12,643,106 as at 31 January 1998. Of that amount, $11,352,926 corresponds to 63 per cent of military personnel costs ($18,011,800). The Committee recalls its comments on the subject of obligations in document A/51/684/Add.1, paragraph 9. In view of the experience so far with savings on unliquidated obligations, and for the reasons noted above, the Committee is of the opinion that there is no need to authorize an additional appropriation of $138,200 gross for UNDOF for the period from 1 July 1996 to 30 June 1997.

Proposed budget for the period from 1 July 1998 to 30 June 1999

12. The proposed budget of UNDOF for the period from 1 July 1998 to 30 June 1999 amounts to $33,643,900 gross ($32,750,200 net). As shown in paragraph 16 below, the Advisory Committee recommends acceptance of this estimate. The budget provides for the maintenance of the Force at its authorized strength of 1,037 troops (821 infantry and 216 logistics personnel), supported by a civilian establishment of 120 posts (36 international and 84 local)

(A/52/771/Add.1 and Add.1/Corr.1, para. 24). The Committee was informed that some 68 per cent of the budgeted amount is based on standard ratios and costs contained in the Standard Ratios and Standard Cost Manual, while 32 per cent covers mission-specific requirements. In the future, the Committee requests that this information be included in the budget document, as is the case for other missions.

13. The budget reflects an increase of $1,275,900 gross ($1,284,200 net), or a 3.9 per cent increase on a gross basis (4.1 per cent increase on a net basis) over the resources approved for the period from 1 July 1997 to 30 June 1998, excluding the provision for the support account for peacekeeping operations ($1,248,400). The increased requirements relate to replacement of vehicles, communications equipment and data-processing equipment (A/52/771/Add.1 and Add.1/Corr.1, annex II.B).

14. The Advisory Committee notes from the budget report that a provision for rations of $2,081,777 was proposed for a total of 378,505 person-days at the rate of $5.50 per person per day (ibid., annex II.C, para.4), while in the performance report an unutilized balance of $333,900 was attributable mainly to a significant drop in the person-day rate for rations, from the budgeted amount of $5.50 to $4.13 per person per day (A/52/771, annex II B, para. 4). Upon enquiry, the Committee was informed that the current contract expired at the end of September 1998, and no information was available about what rates would be assumed for the new contract, as no bidding had taken place at the time of the hearing.

15. As indicated in the budget report, provisions for death and disability compensation ($300,000) and for spare parts, repairs and maintenance ($940,908) have been made at lower than the standard rates, taking into account past experience (A/52/771/Add.1 and Add.1/Corr.1, annex I and annex II.C, paras. 10 and 29). The Advisory Committee believes this is a good budget practice and, in the future, standard costs in more budget items should be tempered with actual performance results. In this connection, the Committee recommends that the Standard Ratios and Standard Cost Manual be reviewed and updated periodically in the light of past performance.

16. The Advisory Committee agrees with the proposal of the Secretary-General in paragraph 32 (a) of the budget report and recommends that the General Assembly appropriate and assess the amount of $33,643,900 gross ($32,750,200 net) for the period from 1 July 1998 to 30 June 1999, subject to the extension of the Force by the Security Council.

Notes

[1] In accordance with financial regulation 4.3, appropriations shall remain available for 12 months following the end of the financial period to which they relate to the extent that they are required to discharge obligations in respect of goods supplied and services rendered in the financial period and to liquidate any other outstanding legal obligation of the financial period. The balance of the appropriations shall be surrendered.